

Argonne Henderson

H SPINKS AIRPORT

**UNIMPROVED GROUND LEASE AGREEMENT
AND ASSOCIATED MANDATORY IMPROVEMENTS**

This **UNIMPROVED GROUND LEASE AGREEMENT** ("Lease") is made and entered into by and between the **CITY OF FORT WORTH** ("Lessor"), a home rule municipal corporation organized under the laws of the State of Texas and acting by and through T.M. Higgins, its duly authorized Acting Assistant City Manager, and C&H Aviation, LLC ("Lessee"), acting by and through John Campbell, its duly authorized President.

In consideration of the mutual covenants, promises and obligations contained herein, the parties agree as follows:

1. PROPERTY LEASED.

Lessor hereby demises to Lessee 19040 square feet of unimproved ground space at Fort Worth SPINKS Airport ("Airport") in Fort Worth, Tarrant County, Texas, identified as Lease Site E-14 ("Premises"), as shown in **Exhibit "A"**, attached hereto and hereby made a part of this Lease for all purposes.

2. TERM OF LEASE.

2.1. Initial Term.

The Initial Term of this Lease shall commence on the date of its execution ("Effective Date") and expire at 11:59 p.m. on **September 30, 2038**, unless terminated earlier as provided herein.

2.2 Renewals.

If Lessee performs and abides by all provisions and conditions of this Lease, upon expiration of the Initial Term of this Lease, Lessee shall have two (2) consecutive options to renew this Lease for two (2) additional successive terms of five (5) years each (each a "**Renewal Term**") at a rental rate calculated in accordance with Section 3.1 of this Lease and on terms and conditions that may be prescribed by Lessor at the time. Lessee shall notify Lessor in writing of its intent to exercise a respective option not less than ninety (90) nor more than one hundred eighty (180) days prior to the expiration of the term then in effect. If Lessee does not exercise its option for a first Renewal Term within the time frame provided herein, Lessee shall automatically and simultaneously forfeit its second option to lease the Premises for a second Renewal Term, and Lessee shall no longer have any rights or interest in the Premises following the expiration of the Initial Term.

2.3. Holdover.

If Lessee holds over after the expiration of the Initial Term or any Renewal Term, this action will create a month-to-month tenancy. In this event, for and during the holdover period, Lessee agrees to pay all applicable rentals, fees and charges at the rates provided by Lessor's Schedule of Rates and Charges or similarly published schedule in effect at the time.

3. RENT.

3.1. Rates and Adjustments.

Lessee shall commence the payment of rent, in accordance with this Section 3, on the date that the first certificate of occupancy is issued for a hangar structure erected pursuant to Section 4.1 of this Lease ("**Occupancy Date**"). From the Occupancy Date until September 30, 2038, Lessee shall pay Lessor rent in the amount of ~~XXXXXX~~ which is based on a rental rate of ~~\$0.16~~ per square foot on an annual basis, and which will be payable in monthly installments of ~~XXXXXX~~. On October 1, 2008, and on October 1st of each year thereafter during both the Initial Term and any Renewal Term, Lessee's rental rate shall be subject to increase by Lessor to reflect the upward percentage change, if any, in the Consumer Price Index for the Dallas/Fort Worth Metropolitan Area, as announced by the United States Department of Labor or successor agency (i), for the first increase, since the Effective Date of this Lease and (ii) for each subsequent increase, since the effective date of the last increase; provided, however, that Lessee's rental rates shall not (i) be increased in any given year by more than ten percent (10%) over the rental rate paid by Lessee during the immediately preceding twelve (12) months or (ii) exceed the then-current rates prescribed by Lessor's published Schedule of Rates and Charges for the type or types of property at the Airport similar to the type or types of property that comprise the Premises. If the Occupancy Date occurs on or after October 1, 2008, Lessee's initial payment of rent shall be calculated in the same manner as it would have if the Occupancy Date and Lessee's initial payment of rent had occurred prior to October 1, 2008.

3.2. Payment Dates and Late Fees.

Monthly rent payments are due on or before the first (1st) day of each month. Payments must be received during normal working hours by the due date at the location for Lessor's Aviation Department set forth in Section 15. Rent shall be considered past due if Lessor has not received full payment after the tenth (10th) day of the month for which payment is due. Without limiting Lessor's termination rights as provided by this Lease, Lessor will assess a late penalty charge of ten percent (10%) per month on the entire balance of any overdue rent that Lessee may accrue.

3.3 Five-Year Adjustments.

In addition to the rental rate adjustments set forth in Section 4.3 of this Lease, on October 1, 2008, and every five (5) years thereafter, the various rental rates payable by Lessee pursuant to Sections 4.1 and 4.2 shall automatically be adjusted to equal the then-current rates for the same types of property as prescribed by Lessor's Schedule of Rates and Charges or similarly published schedule in effect at the time.

4. CONSTRUCTION AND IMPROVEMENTS.

4.1. Mandatory Improvements.

Lessee covenants and agrees that it shall improve the Premises in accordance with the time frames, milestones, specifications and other conditions of **Exhibit "B"**, attached hereto and made a part of this Agreement for all purposes. Such improvements shall hereinafter be referred to as "**Mandatory Improvements**". Lessee shall diligently commence construction of such Mandatory Improvements within six (6) months following the Effective Date of this Lease. Lessee shall fully comply with all provisions of this Section 4 in the performance of any such Mandatory Improvements. In the event that Lessor and Lessee agree to deviate from the terms, provisions, specifications or conditions of Exhibit "B" in any way, a revised Exhibit "B" signed and dated by both Lessor and Lessee shall be attached to and made a part of this Agreement and shall supersede the previous Exhibit "B". Upon completion of the Mandatory Improvements or earlier termination of this Lease, Lessor shall take full title to any Mandatory Improvements on the Premises.

4.2. Discretionary Improvements.

In addition to the Mandatory Improvements, Lessee may, at its sole discretion, perform modifications, renovations, improvements or other construction work on the Premises. Any modifications, renovations, improvements or other construction work on the Premises that do not constitute the Mandatory Improvements shall be referred to hereafter as "**Discretionary Improvements**". Lessee may not initiate any Discretionary Improvement on or to the Premises unless it first submits all plans, specifications and estimates for the costs of the proposed work in writing and also requests and receives in writing approval from the Director of Airport Systems or authorized representative ("**Director**"). Lessee covenants and agrees that it shall fully comply with all provisions of this Section 4 in the performance of any such Discretionary Improvements. Upon completion of any such Discretionary Improvements or earlier termination of this Lease, Lessor shall take full title to any Discretionary Improvements on the Premises.

4.3. Process for Approval of Plans.

Lessee's plans for construction and improvements shall conform to the Airport's architectural standards and must also receive written approval from the City's Departments of Development, Engineering and Transportation and Public Works. All plans, specifications and work shall conform to all federal, state and local laws, ordinances, rules and regulations in force at the time that the plans are presented for review.

4.4. Documents.

Lessee shall supply the Director with comprehensive sets of documentation relative to the Mandatory Improvements and any Discretionary Improvements, including, at a minimum, as-built drawings of each project. As-built drawings shall be new drawings or redline changes to drawings previously provided to the Director. Lessee shall supply the textual documentation in computer format as requested by Lessor.

4.5. Bonds Required of Lessee.

Prior to the commencement of the Mandatory Improvements or any Discretionary Improvements, Lessee shall deliver to Lessor a bond, executed by a corporate surety in accordance with Texas Government Code, Chapter 2253, as amended, in the full amount of each construction contract or project. The bonds shall guarantee (i) satisfactory compliance by Lessee with all requirements, terms and conditions of this Lease, including, but not limited to, the satisfactory completion of the respective modifications, renovations, construction projects or improvements, and (ii) full payments to all persons, firms, corporations or other entities with whom Lessee has a direct relationship for the performance of such modifications, renovations, construction projects or improvements.

In lieu of the required bond, Lessee may provide Lessor with a cash deposit or an assignment of a certificate of deposit in an amount equal to 125% of the full amount of each construction contract or project. If Lessee makes a cash deposit, Lessee shall not be entitled to any interest earned thereon. Certificates of deposit shall be from a financial institution in the Dallas-Fort Worth Metropolitan Area which is insured by the Federal Deposit Insurance Corporation and acceptable to Lessor. The interest earned on the certificate of deposit shall be the property of Lessee and Lessor shall have no rights in such interest. If Lessee fails to complete the respective modifications, renovations, construction projects or improvements, or if claims are filed by third parties on grounds relating to such modifications, renovations, construction projects or improvements, Lessor shall be entitled to draw down the full amount of Lessee's cash deposit or certificate of deposit.

4.6. Bonds Required of Lessee's Contractors.

Prior to the commencement of any modification, renovation, improvement or new construction, Lessee's respective contractor shall execute and deliver to Lessee surety performance and payment bonds in accordance with the Texas Government Code, Chapter 2253, as amended, to cover the costs of all work performed under such contractor's contract for such modifications, renovations, improvements or new construction. Lessee shall provide Lessor with copies of such bonds prior to the commencement of such modifications, renovations, improvements or new construction. The bonds shall guarantee (i) the faithful performance and completion of all construction work in accordance with the final plans and specifications as approved by the City and (ii) full payment for all wages for labor and services and of all bills for materials, supplies and equipment used in the performance of the construction contract. Such bonds shall name to both Lessor and Lessee as dual obligees. If Lessee serves as its own contractor, Section 4.5 shall apply.

4.7. Releases by Lessor Upon Completion of Construction Work.

Lessor will allow Lessee a dollar-for-dollar reimbursement from its cash deposit account or reduction of its claim upon Lessor's certificate of deposit upon (i), where Lessee serves as its own contractor, verification that Lessee has completed construction work or (ii), where Lessee uses a contractor, receipt of the contractor's invoice and verification that the contractor has completed its work and released Lessee to the extent of Lessee's payment for such work, including bills paid, affidavits and waivers of liens.

5. USE OF PREMISES.

Lessee hereby agrees to use the Premises solely for aviation-related purposes only and strictly in accordance with the terms and conditions of this Lease. Lessee shall have the right to sublease portions of the Premises, including individual hangars constructed pursuant to the Mandatory Improvements, to various third parties ("Sublessees") under terms and conditions acceptable to and determined by Lessee, provided that all such arrangements shall be in writing and approved in advance by Lessor. All written agreements executed by Lessee to Sublessees for any portion of the Premises shall contain terms and conditions that (i) do not conflict with Lessee's duties and obligations under this Lease; (ii) incorporate the terms and provisions of this Lease; (iii) restrict the use of the Premises to aircraft storage or other aviation or aviation-related purposes acceptable to Lessor; and (iv) treat users of the same or substantially similar facilities in a fair and non-discriminatory manner. Lessee shall use a standard lease form for all Sublessees and shall submit a copy of such standard lease form, including rental rates, to the Director prior to Lessee's execution of its first lease and from time to time thereafter following any material changes to such lease form, including, without limitation, any changes to Lessee's rental rates for portions of the Premises. Lessee may make non-material modifications to its standard lease to the extent that such are not contrary to Lessor's Sponsor's Assurances.

6. REPORTS, AUDITS AND RECORDKEEPING.

Within thirty (30) days following the end of each calendar year, Lessee shall provide Lessor with a written annual report, in a form acceptable to the Director, that reflects Lessee's rental rates for the Mandatory Improvements and any Discretionary Improvements on the Premises for the immediately preceding calendar year. Lessor may request, and Lessee shall promptly provide, similar reports on a more frequent basis that reflect Lessee's rental rates for the Mandatory Improvements and any Discretionary Improvements on the Premises for the period requested by Lessor. These reports shall be delivered to Lessor's Department of Aviation at the address provided in Section 15. In addition, Lessee shall keep and maintain books and records pertaining to Lessee's operations at the Airport and other obligations hereunder in a manner satisfactory to Lessor's Internal Auditor and at a location within the City of Fort Worth. Upon Lessor's request and following reasonable advance notice, Lessee will make such books and records available for review by Lessor during Lessee's normal business hours. Lessor, at Lessor's sole cost and expense, shall have the right to audit such books and records in order to ensure compliance with the terms of this Lease and the Sponsor's Assurances made by Lessor to the Federal Aviation Administration.

7. UTILITIES.

Lessee, at Lessee's sole cost and expense, shall be responsible for the installation and use of all utilities services to all portions of the Premises and for all other related utilities expenses, including, but not limited to, deposits and expenses required for the installation of meters. Lessee further covenants and agrees to pay all costs and expenses for any extension, maintenance or repair of any and all utilities serving the Premises. In addition, Lessee agrees that all utilities, air conditioning and heating equipment and other electrically-operated equipment which may be used on the Premises shall fully comply with Lessor's Mechanical, Electrical, Plumbing, Building and Fire Codes ("**Codes**"), as they exist or may hereafter be amended.

8. MAINTENANCE AND REPAIRS.

8.1. Maintenance and Repairs by Lessee.

Lessee agrees to keep and maintain the Premises in a good, clean and sanitary condition at all times. Lessee covenants and agrees that it will not make or suffer any waste of the Premises. Lessee, at Lessee's sole cost and expense, will make all repairs necessary to prevent the deterioration in condition or value of the Premises and any improvements thereon, including, but not limited to, doors, windows and roofs for such improvements, and all fixtures, equipment, modifications and pavement on the Premises. Lessee shall be responsible for all damages caused by Lessee, its agents, servants, employees, contractors, subcontractors, licensees or invitees, and Lessee agrees to fully repair or otherwise cure all such damages at Lessee's sole cost and expense.

Lessee agrees that all improvements, trade fixtures, furnishings, equipment and other personal property of every kind or description which may at any time be on the Premises shall be at Lessee's sole risk or at the sole risk of those claiming under Lessee. Lessor shall not be liable for any damage to such property or loss suffered by Lessee's business or business operations which may be caused by the bursting, overflowing or leaking of sewer or steam pipes, from water from any source whatsoever, or from any heating fixtures, plumbing fixtures, electric wires, noise, gas or odors, or from causes of any other matter.

8.2. Compliance with ADA.

Lessee, at its sole cost and expense, agrees to keep and maintain the Premises in full compliance at all times with the Americans with Disabilities Act of 1990, as amended ("ADA"). In addition, Lessee agrees that all improvements it makes at the Airport shall comply with all ADA requirements.

8.3. Inspections.

8.3.1. Lessor shall have the right and privilege, through its officers, agents, servants or employees, to inspect the Premises. Except in the event of an emergency, Lessor shall conduct such inspections during Lessee's ordinary business hours and shall use its best efforts to provide Lessee at least two (2) hours' notice prior to any inspection.

8.3.2. If Lessor determines during an inspection of the Premises that Lessee is responsible under this Lease for any maintenance or repairs, Lessor shall notify Lessee in writing. Lessee agrees to begin such maintenance or repair work diligently within thirty (30) calendar days following receipt of such notice and to then complete such maintenance or repair work within a reasonable time, considering the nature of the work to be done. If Lessee fails to begin the recommended maintenance or repairs within such time or fails to complete the maintenance or repairs within a reasonable time, Lessor may, in its discretion, perform such maintenance or repairs on behalf of Lessee. In this event, Lessee will reimburse Lessor for the cost of the maintenance or repairs, and such reimbursement will be due on the date of Lessee's next monthly rent payment following completion of the maintenance or repairs.

8.3.3. During any inspection, Lessor may perform any obligations that Lessor is authorized or required to perform under the terms of this Lease or pursuant to its governmental duties under federal state or local laws, rules or regulations.

8.3.4. Lessee will permit the City's Fire Marshal or his or her authorized agents to inspect the Premises and Lessee will comply with all requirements of the Fire Marshal or his or her authorized agents that are necessary to bring the Premises into compliance with the City of Fort Worth Fire Code and Building Code provisions

regarding fire safety, as such provisions exist or may hereafter be amended. Lessee shall maintain in proper condition accessible fire extinguishers of a number and type approved by the Fire Marshal or his or her authorized agents for the particular hazard involved.

8.4. Environmental Remediation.

To the best of Lessor's knowledge, the Premises comply with all applicable federal, state and local environmental regulations or standards. Lessee agrees that it has inspected the Premises and is fully advised of its own rights without reliance upon any representation made by Lessor concerning the environmental condition of the Premises. ***LESSEE, AT ITS SOLE COST AND EXPENSE, AGREES THAT IT SHALL BE FULLY RESPONSIBLE FOR THE REMEDIATION OF ANY VIOLATION OF ANY APPLICABLE FEDERAL, STATE OR LOCAL ENVIRONMENTAL REGULATIONS OR STANDARDS THAT IS CAUSED BY LESSEE, ITS OFFICERS, AGENTS, SERVANTS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS OR INVITEES.***

9. SIGNS.

Lessee may, at its sole expense and with the prior written approval of the Director, install and maintain signs on the Premises related to Lessee's business operations. Such signs, however, must be in keeping with the size, color, location and manner of display of other signs at the Airport. Lessee shall maintain all signs in a safe, neat, sightly and physically good condition.

10. RIGHTS AND RESERVATIONS OF LESSOR.

Lessor hereby retains the following rights and reservations:

10.1.

Lessor reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, including, but not limited to, the right to prevent Lessee from erecting or permitting to be erected any building or other structure which, in the opinion of Lessor, would limit the usefulness of the Airport, constitute a hazard to aircraft or diminish the capability of existing or future avigational or navigational aids used at the Airport.

10.2.

Lessor reserves the right to develop and improve the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance by or on behalf of Lessee. Accordingly, nothing contained in this Lease shall be construed to obligate Lessor to relocate Lessee as a result of any such Airport developments or improvements.

10.3.

This Lease shall be subordinate to the provisions of any existing or future agreement between Lessor and the United States Government, which relates to the operation or maintenance of the Airport and is required as a condition for the expenditure of federal funds for the development, maintenance or repair of Airport infrastructure. In the event that any such existing or future agreement directly causes a material restriction, impairment or interference with Lessee's primary operations on the Premises ("**Limitation**") for a period of less than seven (7) calendar days, this Lease shall continue in full force and effect. If the Limitation lasts more than seven (7) calendar days, Lessee and Lessor shall negotiate in good faith to resolve or mitigate the effect of the Limitation. If Lessee and Lessor are in good faith unable to resolve or mitigate the effect of the Limitation, and the Limitation lasts between seven (7) and one hundred eighty (180) days, then for such period (i) Lessee may suspend the payment of any rent due hereunder, but only if Lessee first provides adequate proof to Lessor that the Limitation has directly caused Lessee a material loss in revenue; (ii) subject to ordinary wear and tear, Lessor shall maintain and preserve the Premises and its improvements in the same condition as they existed on the date such Limitation commenced; and (iii) the term of this Lease shall be extended, at Lessee's option, for a period equal to the duration of such Limitation. If the Limitation lasts more than one hundred eighty (180) days, then (i) Lessor and Lessee may, but shall not be required to, (a) further adjust the payment of rent and other fees or charges, (b) renegotiate maintenance responsibilities and (c) extend the term of this Lease, or (ii) Lessee may terminate this Lease upon thirty (30) days' written notice to Lessor.

10.4.

During any war or national emergency, Lessor shall have the right to lease any part of the Airport, including its landing area, to the United States Government. In this event, any provisions of this instrument which are inconsistent with the provisions of the lease to the Government shall be suspended. Lessor shall not be liable for any loss or damages alleged by Lessee as a result of this action. However, nothing in this Lease shall prevent Lessee from pursuing any rights it may have for reimbursement from the United States Government. If any lease between Lessor and the United States Government executed pursuant to this Section 10.4 directly causes a Limitation for a period of less than seven (7) calendar days, this Lease shall continue in full force and effect. If the Limitation lasts more than seven (7) calendar days, Lessee and Lessor shall negotiate in good faith to resolve or mitigate the effect of the Limitation. If Lessee and Lessor are in good faith unable to resolve or mitigate the effect of the Limitation, and the Limitation lasts between seven (7) and one hundred eighty (180) days, then for such period (i) Lessee may suspend the payment of any rent due hereunder, but only if Lessee first provides adequate proof to Lessor that the Limitation has directly caused Lessee a material loss in revenue; (ii) subject to ordinary wear and tear, Lessor shall maintain and preserve the Premises and its improvements in the same condition as they existed on the date such Limitation commenced; and (iii) the term of this Lease shall be extended, at Lessee's option, for a period equal to the duration of such Limitation. If the Limitation lasts more than one hundred eighty (180) days, then (i) Lessor and Lessee may, but shall not be required to, (a)

further adjust the payment of rent and other fees or charges, (b) renegotiate maintenance responsibilities and (c) extend the term of this Lease, or (ii) Lessee may terminate this Lease upon thirty (30) days' written notice to Lessor.

10.5.

Lessor covenants and agrees that during the term of this Lease it will operate and maintain the Airport and its facilities as a public airport consistent with and pursuant to the Sponsor's Assurances given by Lessor to the United States Government through the Federal Airport Act; and Lessee agrees that this Lease and Lessee's rights and privileges hereunder shall be subordinate to the Sponsor's Assurances.

10.6.

Lessee's rights hereunder shall be subject to all existing and future utility and drainage easements and rights-of-way granted by Lessor for the installation, maintenance, inspection, repair or removal of facilities owned or operated by electric, gas, water, sewer, communication or other utility companies. Lessee's rights shall additionally be subject to all rights granted by any ordinance or statute which allows utility companies to use publicly-owned property for the provision of utility services.

11. INSURANCE.

11.1. Types of Coverage and Limits.

Lessee shall procure and maintain at all times, in full force and effect, a policy or policies of insurance as specified in this Section 11, naming the City of Fort Worth as an additional insured and covering all risks related to the leasing, use, occupancy, maintenance, existence or location of the Premises. Lessee shall obtain the following insurance coverage at the limits specified herein:

- **Property:**

Fire and Extended Coverage on all improvements at full replacement cost limit; and

- **General Liability:**

\$1,000,000 per occurrence,
including products and completed operations.

Handwritten signature and initials, possibly "HAR" and "RC", in black ink.

In addition, Lessee shall be responsible for all insurance to construction, improvements, modifications or renovations to the Premises and for personal property of its own or in its care, custody or control.

11.2. Adjustments to Required Coverage and Limits.

Insurance requirements, including additional types of coverage and increased limits on existing coverages, are subject to change at Lessor's option and as necessary to cover Lessee's and any Sublessees' operations at the Airport. Lessee will accordingly comply with such new requirements within thirty (30) days following notice to Lessee.

11.3. Certificates.

As a condition precedent to the effectiveness of this Lease, Lessee shall furnish Lessor with appropriate certificates of insurance signed by the respective insurance companies as proof that it has obtained the types and amounts of insurance coverage required herein. Lessee hereby covenants and agrees that not less than thirty (30) days prior to the expiration of any insurance policy required hereunder, it shall provide Lessor with a new or renewal certificate of insurance. In addition, Lessee shall, at Lessor's request, provide Lessor with evidence that it has maintained such coverage in full force and effect.

11.4. Additional Requirements.

Lessee shall maintain its insurance with underwriters authorized to do business in the State of Texas and which are satisfactory to Lessor. The policy or policies of insurance shall be endorsed to cover all of Lessee's operations at the Airport and to provide that no material changes in coverage, including, but not limited to, cancellation, termination, non-renewal or amendment, shall be made without thirty (30) days' prior written notice to Lessor.

12. INDEPENDENT CONTRACTOR.

It is expressly understood and agreed that Lessee shall operate as an independent contractor as to all rights and privileges granted herein, and not as an agent, representative or employee of Lessor. Lessee shall have the exclusive right to control the details of its operations and activities on the Premises and shall be solely responsible for the acts and omissions of its officers, agents, servants, employees, contractors, subcontractors, patrons, licensees and invitees. Lessee acknowledges that the doctrine of *respondeat superior* shall not apply as between Lessor and Lessee, its officers, agents, employees, contractors and subcontractors. Lessee further agrees that nothing herein shall be construed as the creation of a partnership or joint enterprise between Lessor and Lessee.

13. INDEMNIFICATION.

LESSEE HEREBY ASSUMES ALL LIABILITY AND RESPONSIBILITY FOR PROPERTY LOSS, PROPERTY DAMAGE AND/OR PERSONAL INJURY OF ANY KIND, INCLUDING DEATH, TO ANY AND ALL PERSONS, OF ANY KIND OR CHARACTER, WHETHER REAL OR ASSERTED, ARISING OUT OF OR IN CONNECTION WITH ITS USE OF OR OPERATIONS ON THE AIRPORT UNDER THIS LEASE OR WITH THE LEASING, MAINTENANCE, USE, OCCUPANCY, EXISTENCE OR LOCATION OF THE PREMISES OR ANY IMPROVEMENTS THEREON, EXCEPT TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT OF LESSOR, ITS OFFICERS, AGENTS, SERVANTS OR EMPLOYEES.

LESSEE COVENANTS AND AGREES TO, AND DOES HEREBY, INDEMNIFY, HOLD HARMLESS AND DEFEND LESSOR, ITS OFFICERS, AGENTS, SERVANTS AND EMPLOYEES, FROM AND AGAINST ANY AND ALL CLAIMS OR LAWSUITS FOR EITHER PROPERTY DAMAGE OR LOSS (INCLUDING ALLEGED DAMAGE OR LOSS TO LESSEE'S BUSINESS AND ANY RESULTING LOST PROFITS) AND/OR PERSONAL INJURY, INCLUDING DEATH, TO ANY AND ALL PERSONS, OF ANY KIND OR CHARACTER, WHETHER REAL OR ASSERTED, ARISING OUT OF OR IN CONNECTION WITH THE USE, LEASING, MAINTENANCE, OCCUPANCY, EXISTENCE OR LOCATION OF THE PREMISES OR ANY IMPROVEMENTS THEREON, EXCEPT TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT OF LESSOR, ITS OFFICERS AGENTS,, SERVANTS OR EMPLOYEES.

LESSEE ASSUMES ALL RESPONSIBILITY AND AGREES TO PAY LESSOR FOR ANY AND ALL INJURIES OR DAMAGES TO AIRPORT PROPERTY, THE PREMISES OR ANY IMPROVEMENTS THEREON WHICH ARISE OUT OF OR IN CONNECTION WITH ANY AND ALL ACTS OR OMISSIONS OF LESSEE, ITS OFFICERS, AGENTS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, LICENSEES OR INVITEES, EXCEPT TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT OF LESSOR, ITS OFFICERS, AGENTS, SERVANTS OR EMPLOYEES.

LESSOR DOES NOT GUARANTEE POLICE PROTECTION TO LESSEE, ANY SUBLESSEES OR THEIR PROPERTY. LESSOR IS OBLIGATED ONLY TO PROVIDE SECURITY ADEQUATE TO MAINTAIN LESSOR'S CERTIFICATION UNDER FAA REGULATIONS. LESSEE SHALL COMPLY WITH ALL APPLICABLE REGULATIONS OF THE FAA RELATING TO AIRPORT SECURITY. LESSEE SHALL PAY ALL FINES IMPOSED BY THE FAA ON LESSOR OR LESSEE RESULTING FROM LESSEE'S OR ANY SUBLESSEES' FAILURE TO COMPLY WITH SUCH FAA REGULATIONS OR TO PREVENT UNAUTHORIZED PERSONS OR PARTIES FROM THEIR OBTAINING ACCESS TO THE AIR OPERATIONS AREA OF THE AIRPORT FROM THE PREMISES.

14. TERMINATION.

In addition to termination rights contained elsewhere in this Lease, Lessor shall have the right to terminate this Lease as follows:

14.1. Failure by Lessee to Pay Rent, Fees or Other Charges.

If Lessee fails to pay any rent, fees or other charges due under this Lease, Lessor shall deliver to Lessee a written invoice and notice to pay the invoice within ten (10) calendar days. If Lessee fails to pay the balance outstanding within such time, Lessor shall have the right to terminate this Lease immediately.

14.2. Breach or Default by Lessee.

If Lessee commits any breach or default, other than Lessee's failure to pay rent, Lessor shall deliver written notice to Lessee specifying the nature of such breach or default. Lessee shall have thirty (30) calendar days following such written notice to cure, adjust or correct the problem to the standard existing prior to the breach. If Lessee fails to cure the breach or default within such time period, Lessor shall have the right to terminate this Lease immediately.

14.3. Abandonment or Non-Use of the Premises.

Lessee's abandonment or non-use of the Premises for any reason for more than thirty (30) consecutive calendar days shall constitute grounds for immediate termination of this Lease by Lessor.

14.4. Lessee's Financial Obligations to Lessor upon Termination, Breach or Default.

If Lessor terminates this Lease for any non-payment of rent, fees or other charges or for any other breach or default as provided in Sections 14.1, 14.2 or 14.3 of this Lease, Lessee shall be liable for and shall pay to Lessor all rent due Lessor for the remainder of the term then in effect as well as all arrearages of rentals, fees and charges payable hereunder. In no event shall a reentry onto or reletting of the Premises by Lessor be construed as an election by Lessor to forfeit any of its rights under this Lease.

14.5. Rights of Lessor Upon Termination or Expiration.

Upon termination or expiration of this Lease, title to all improvements on the Premises, including the Mandatory Improvements and any Discretionary Improvements, and all fixtures and other items attached to any structure on the Premises shall pass to Lessor. In addition, all rights, powers and privileges granted to Lessee hereunder shall cease and Lessee shall vacate the Premises. Within twenty (20) days following the effective date of termination or expiration, Lessee shall remove from the Premises all trade fixtures, tools, machinery, equipment, materials and supplies placed on the Premises by Lessee pursuant to this Lease. After such time, Lessor shall have the right to take full possession of the Premises, by force if necessary, and to remove any and all parties and property remaining on any part of the Premises. Lessee agrees that it will assert no claim of any kind against Lessor, its agents, servants, employees or representatives, which may stem from

Lessor's termination of this Lease or any act incident to Lessor's assertion of its right to terminate or Lessor's exercise of any rights granted hereunder.

15. NOTICES.

Notices required pursuant to the provisions of this Lease shall be conclusively determined to have been delivered when (i) hand-delivered to the other party, its agents, employees, servants or representatives, or (ii) deposited in the United States Mail, postage prepaid, addressed as follows:

To LESSOR:

For Rent:

City of Fort Worth
Aviation Department
4201 N Main St, Ste 200
Fort Worth, Texas 76106

For All Other Matters:

Aviation Department
Spinks Airport
450 Alsbury Court
Fort Worth, Texas 76028

To LESSEE:

C&H Aviation, LLC
451 North Burleson Blvd.
Burleson, TX 76028

16. ASSIGNMENT AND SUBLETTING.

16.1. In General.

Lessee shall have the right to sublease portions of the Premises as provided by and in accordance with Section 5 of this Lease. Otherwise, Lessee shall not assign, sell, convey, sublease or transfer the entirety of its rights, privileges, duties or interests granted by this Lease without the advance written consent of Lessor.

16.2. Conditions of Approved Assignments and Subleases.

If Lessor consents to any assignment or sublease, all terms, covenants and agreements set forth in this Lease shall apply to the assignee or sublessee, and such assignee or sublessee shall be bound by the terms and conditions of this Lease the same as if it had originally executed this Lease. The failure or refusal of Lessor to approve a requested assignment or sublease shall not relieve Lessee of its obligations hereunder, including payment of rentals, fees and charges.

17. LIENS.

17.1 Liens by Lessee

Lessee acknowledges that it has no authority to engage in any act or to make any contract, which may create or be the foundation for any lien upon the property or interest in the property of Lessor. If any such purported lien is created or filed, Lessee, at its sole cost and expense, shall liquidate and discharge the same within thirty (30) days of such creation or filing. Lessee's failure to discharge any such purported lien shall constitute a breach of this Lease and Lessor may terminate this Lease upon thirty (30) days' written notice. However, Lessee's financial obligation to Lessor to liquidate and discharge such lien shall continue in effect following termination of this Lease and until such a time as the lien is discharged.

17.2 Landlord's Lien

IN ADDITION TO ANY APPLICABLE STATUTORY LANDLORD'S LIEN, LESSEE GRANTS TO THE CITY, IN ORDER TO SECURE PERFORMANCE BY LESSEE OF ITS OBLIGATIONS UNDER THIS AGREEMENT, A SECURITY INTEREST IN ALL GOODS, INVENTORY, EQUIPMENT, FIXTURES, FURNITURE, IMPROVEMENTS, CHATTEL PAPER, ACCOUNTS AND GENERAL INTANGIBLES, AND OTHER PERSONAL PROPERTY OF LESSEE NOW OR HEREAFTER SITUATED ON OR IN THE PREMISES OR OTHERWISE RELATING TO LESSEE'S USE OF THE PREMISES, AND ALL PROCEEDS THEREFROM (THE "COLLATERAL"). IF THE CITY TERMINATES THIS AGREEMENT FOR A FAILURE BY LESSEE TO PAY THE CITY MONTHLY COMPENSATION OR FOR ANY OTHER BREACH OR DEFAULT BY LESSEE, THE CITY MAY, IN ADDITION TO OTHER REMEDIES, WITHOUT NOTICE OR DEMAND EXCEPT AS PROVIDED BELOW, EXERCISE THE RIGHTS AFFORDED A SECURED PARTY UNDER THE TEXAS UNIFORM COMMERCIAL CODE ("UCC"). IN CONNECTION WITH ANY PUBLIC OR PRIVATE SALE UNDER THE UCC, THE CITY SHALL GIVE LESSEE FIVE CALENDAR DAYS PRIOR WRITTEN NOTICE OF THE TIME AND PLACE OF ANY PUBLIC SALE OF THE COLLATERAL OR OF THE TIME AFTER WHICH ANY PRIVATE SALE OR OTHER INTENDED DISPOSITION THEREOF IS TO BE MADE, WHICH IS AGREED TO BE A REASONABLE NOTICE OF SUCH SALE OR DISPOSITION.

18. TAXES AND ASSESSMENTS.

Lessee agrees to pay any and all federal, state or local taxes, or assessments which may lawfully be levied against Lessee due to Lessee's use or occupancy of the Premises or any improvements or property placed on the Premises by Lessee as a result of its occupancy.

19. COMPLIANCE WITH LAWS, ORDINANCES, RULES AND REGULATIONS.

Lessee covenants and agrees that it shall not engage in any unlawful use of the Premises. Lessee further agrees that it shall not permit its officers, agents, servants, employees, contractors, subcontractors, patrons, licensees or invitees to engage in any unlawful use of the Premises and Lessee immediately shall remove from the Premises any person engaging in such unlawful activities. Unlawful use of the Premises by Lessee itself shall constitute an immediate breach of this Lease.

Lessee agrees to comply with all federal, state and local laws; all ordinances, rules and regulations of Lessor; all rules and regulations established by the Director; and all rules and regulations adopted by the City Council pertaining to the conduct required at airports owned and operated by the City, including the Minimum Standards for Fixed Base Operators and Other Airport Tenants, a public document dated June 16, 1992, on file in Lessor's City Secretary's Office and incorporated herein as part of this Lease for all purposes, as such laws, ordinances, rules and regulations exist or may hereafter be amended or adopted. If Lessor notifies Lessee or any of its officers, agents, employees, contractors, subcontractors, licensees or invitees of any violation of such laws, ordinances, rules or regulations, Lessee shall immediately desist from and correct the violation.

20. NON-DISCRIMINATION COVENANT.

Lessee, for itself, its personal representatives, successors in interest and assigns, as part of the consideration herein, agrees as a covenant running with the land that no person shall be excluded from participation in or denied the benefits of Lessee's use of the Premises on the basis of race, color, national origin, religion, handicap, sex, sexual orientation or familial status. Lessee further agrees for itself, its personal representatives, successors in interest and assigns that no person shall be excluded from the provision of any services on or in the construction of any improvements or alterations to the Premises on grounds of race, color, national origin, religion, handicap, sex, sexual orientation or familial status.

Lessee agrees to furnish its accommodations and to price its goods and services on a fair and equal basis to all persons. In addition, Lessee covenants and agrees that it will at all times comply with any requirements imposed by or pursuant to Title 49 of the Code of Federal Regulations, Part 21, Non-Discrimination in Federally Assisted Programs of the Department of Transportation and with any amendments to this regulation which may hereafter be enacted.

If any claim arises from an alleged violation of this non-discrimination covenant by Lessee, its personal representatives, successors in interest or assigns, Lessee agrees to indemnify Lessor and hold Lessor harmless.

21. LICENSES AND PERMITS.

Lessee shall, at its sole expense, obtain and keep in effect all licenses and permits necessary for the operation of its operations at the Airport.

22. GOVERNMENTAL POWERS.

It is understood and agreed that by execution of this Lease, Lessor does not waive or surrender any of its governmental powers.

23. NO WAIVER.

The failure of Lessor to insist upon the performance of any term or provision of this Lease or to exercise any right granted herein shall not constitute a waiver of Lessor's right to insist upon appropriate performance or to assert any such right on any future occasion.

24. VENUE AND JURISDICTION.

If any action, whether real or asserted, at law or in equity, arises on the basis of any provision of this Lease or of Lessee's operations on the Premises, venue for such action shall lie in state courts located in Tarrant County, Texas or the United States District Court for the Northern District of Texas, Fort Worth Division. This Lease shall be construed in accordance with the laws of the State of Texas.

25. ATTORNEYS' FEES.

In the event there should be a breach or default under any provision of this Lease and either party should retain attorneys or incur other expenses for the collection of rent, fees or charges, or the enforcement of performance or observances of any covenant, obligation or agreement, Lessor and Lessee agree that each party shall be responsible for its own attorneys' fees.

26. SEVERABILITY.

If any provision of this Lease shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

27. FORCE MAJEURE.

Lessor and Lessee shall exercise every reasonable effort to meet their respective obligations as set forth in this Lease, but shall not be held liable for any delay in or omission of performance due to force majeure or other causes beyond their reasonable control, including, but not limited to, compliance with any government law, ordinance or regulation, acts of God, acts of omission, fires, strikes, lockouts, national disasters, wars, riots, material

or labor restrictions, transportation problems and/or any other cause beyond the reasonable control of Lessor or Lessee.

28. HEADINGS NOT CONTROLLING.

Headings and titles used in this Lease are for reference purposes only and shall not be deemed a part of this Lease.

29. ENTIRETY OF AGREEMENT.

This written instrument, including any documents attached hereto or incorporated herein by reference, contains the entire understanding and agreement between Lessor and Lessee, its assigns and successors in interest, as to the matters contained herein. Any prior or contemporaneous oral or written agreement is hereby declared null and void to the extent in conflict with any provisions of this Lease. The terms and conditions of this Lease shall not be amended unless agreed to in writing by both parties and approved by the City Council of Lessor.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiples on this the 15th day of April, 2008.

CITY OF FORT WORTH:

By: *T.M. Higgins*
T.M. Higgins
Acting Assistant City Manager

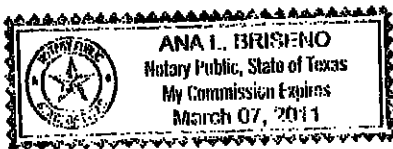
Date: 4/15/08

STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared **T.M. Higgins**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the **City of Fort Worth** and that he executed the same as the act of the **City of Fort Worth** for the purposes and consideration therein expressed and in the capacity therein stated.

April GIVEN UNDER MY HAND AND SEAL OF OFFICE this 15th day
of April, 2008.



Ana L. Briseno
Notary Public in and for the State of Texas

**APPROVED AS TO FORM
AND LEGALITY:**

By: *Charlene Sanders*
Charlene Sanders
Assistant City Attorney

ATTEST:

By: *Marty Hendrix*
Marty Hendrix
City Secretary

Contract Authorization:

M&C: C-22748
Date Approved: April 8, 2008

C&H Aviation, LLC:

ATTEST:

By: _____

affirm
C&H LLC
Name: John Campbell
Title: President

By: _____

Date: _____

STATE OF TEXAS

§

COUNTY OF

Tarrant

§

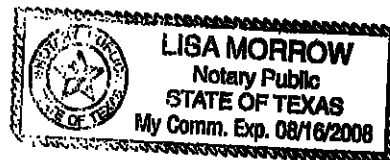
BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared **John Campbell**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of **C&H Aviation, LLC** and that s/he executed the same as the act of **C&H Aviation, LLC** for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 27 day

March, 2008.

Lisa Morrow

Notary Public in and for the State of Texas



LAND DESCRIPTION:

BEING A PORTION OF BLOCK 5, FORT WORTH SPINK'S AIRPORT, AN ADDITION TO THE CITY OF FORT WORTH, TARRANT COUNTY, TEXAS, AS RECORDED IN CABINET A, SLIDE 353, PLAT RECORDS, TARRANT COUNTY, TEXAS, SAID PORTION BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

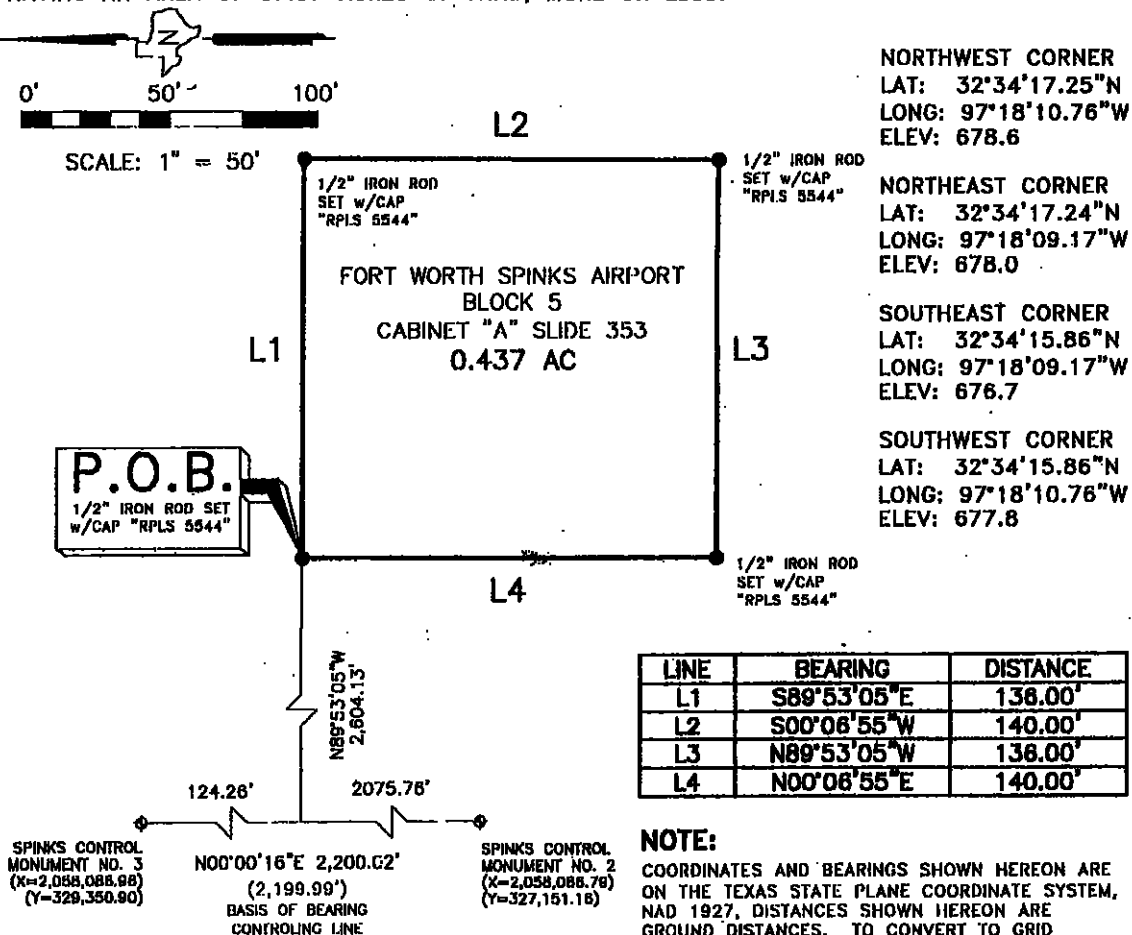
BEGINNING AT A 1/2 INCH IRON ROD SET WITH A PLASTIC CAP STAMPED, "RPLS 5544" FOR THE NORTHWEST CORNER OF SUBJECT TRACT FROM WHICH SPINK'S CONTROL MONUMENT NO. 3 BEARS North 89°53'05" West 2,604.13 FEET AND North 00°00'16" East 124.26 FEET;

THENCE South 89°53'05" East A DISTANCE OF 136.00 FEET TO A 1/2 INCH IRON ROD SET WITH A PLASTIC CAP STAMPED, "RPLS 5544";

THENCE South 00°06'55" West A DISTANCE OF 140.00 FEET TO A 1/2 INCH IRON ROD SET WITH A PLASTIC CAP STAMPED, "RPLS 5544";

THENCE North 89°53'05" West A DISTANCE OF 136.00 FEET TO A 1/2 INCH IRON ROD SET WITH A PLASTIC CAP STAMPED, "RPLS 5544";

THENCE North 00°06'55" East A DISTANCE OF 140.00 FEET TO THE POINT OF BEGINNING HAVING AN AREA OF 0.437 ACRES OF LAND, MORE OR LESS.



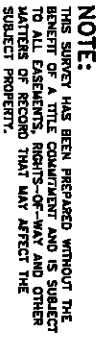
FLOOD PLAIN NOTE:

ACCORDING TO THE FLOOD INSURANCE RATE MAP NO. 48439C0535 H REVISED 08-02-1995, THIS LOT APPEARS TO BE IN "ZONE X" AREAS DETERMINED TO BE OUTSIDE 500 YEAR FLOOD-PLAIN.

PREPARED UNDER MY DIRECTION.



Matt Powell
MATT POWELL
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS REGISTRATION NO. 5544
DATED: 11-15-07



BEING A PORTION OF BLOCK 5, FORT WORTH SPANOS AIRPORT, AN ADDITION
TO THE CITY OF FORT WORTH AS RECORDED IN CABINET A, SLIDE 353,
PLAT RECORDS, TARRANT COUNTY, TEXAS.

DATE: 11-15-07

DFW JOB NUMBER

2005001-17

ACCORDING TO THE FLOOD INSURANCE RATE MAP NO. 48453C0535 H REVISED 08-02-1995, THIS LOT APPEARS TO BE IN "ZONE X" AREAS DETERMINED TO BE OUTSIDE 500 YEAR FLOOD-PLAIN.

1. COORDINATES AND BEARINGS SHOWN HEREON ARE ON THE TEXAS STATE PLANE COORDINATE SYSTEM, MAD 1927. DISTANCES SHOWN HEREON ARE GROUND DISTANCES. TO CONVERT TO GRID DISTANCES MULTIPLY BY THE COMBINED GRID AND ELEVATION FACTOR OF 0.9998559.

2. THE TOPOGRAPHICAL INFORMATION SHOWN HEREON WAS DERIVED FROM FIELD DATA TAKEN ON 07-18-05.

3. VERTICAL DATUM: NGVD 1929.

**SITE PLAN
CAMPBELL**

PROPOSED HANGER B-1

BLOCK 5

LEGEND

- W WATER VALVE
- ◇ TRANSFORMER
- TELEPHONE RISER
- S SANITARY SEWER MANHOLE
- SBC BOX
- GAS METER
- ▽ FIRE HYDRANT
- POWER POLE
- CLEAN OUT
- CORNER MONUMENTS

City of Fort Worth, Texas
Mayor and Council Communication

COUNCIL ACTION: Approved on 4/8/2008

DATE: Tuesday, April 08, 2008
LOG NAME: 55C&H AVIATION

REFERENCE NO.: **C-22748

SUBJECT:

Authorize Execution of an Unimproved Ground Lease Agreement with Mandatory Improvements with C&H Aviation, LLC, for Construction of a 12,000 Square Foot Aircraft Storage Facility at Fort Worth Spinks Airport

RECOMMENDATION:

It is recommended that the City Council authorize the City Manager to execute an unimproved ground lease agreement with mandatory improvements with C&H Aviation, LLC, for the construction of a 12,000 square foot aircraft storage facility on the north east side of Fort Worth Spinks Airport.

DISCUSSION:

Mr. John Campbell and Mr. Kenny Hughes of C&H Aviation, LLC, propose to lease 19,040 square feet of unimproved land on the north east side of Fort Worth Spinks Airport for the construction of one 12,000 square foot aircraft storage facility.

The total square footage requested for development is 19,040 square feet at the rate of \$0.16 per square foot annually. Revenue generated from this lease will be \$253.87 per month, or \$3,046.40 annually. This is in accordance with the Aviation Department's Schedule of Rates and Charges.

The ground lease will be for 30 years with two five-year options to renew. The initial term of the lease will commence upon the issuance of the certificate of occupancy. The lease rate shall be subject to increase on October 1st of any given year to reflect any upward changes, if any, in the Consumer Price Index (CPI). All terms and conditions of the lease agreement will be in accordance with City and Aviation Department policies. The actual square footage of the lease site will be contingent on a ground survey.

The site plan is in accordance with the Fort Worth Spinks Airport Master Plan and is subject to Federal Aviation Administration Airspace review and approval.

The property is located in COUNCIL DISTRICT 8.

FISCAL INFORMATION/CERTIFICATION:

The Finance Director certifies that the Aviation Department will be responsible for the collection and deposit of funds due to the City under this Agreement.

TO Fund/Account/Centers

PE40 491352 0551201

FROM Fund/Account/Centers\$3,046.40**Submitted for City Manager's Office by:**

Tom Higgins (Acting) (6192)

Originating Department Head:

Kent Penney (5403)

Additional Information Contact:

Ryan Cox (5407)

AFTER RECORDING RETURN TO:
The Law Office of Christopher D. Tharp
P.O. Box 551
Keene, Texas 76059